

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE LICKING VALLEY	)	
RECC FOR THE AUTHORIZATION TO BORROW	)	
NINE HUNDRED SIXTY-FOUR THOUSAND	)	
(\$964,000.00) DOLLARS FROM NATIONAL	)	CASE NO. 94-269
RURAL UTILITY COOPERATIVE FINANCE	)	
CORPORATION AND TO EXECUTE A SECURED	)	
PROMISSORY NOTE FOR SAID SUM	)	

O R D E R

IT IS ORDERED that Licking Valley Rural Electric Cooperative Corporation ("Licking Valley") shall file the original and 8 copies of the following information with the Commission with a copy to all parties of record within 7 days from the date of this Order. If the information cannot be provided by this date, Licking Valley should submit a motion for an extension of time stating the reason a delay is necessary and include a date by which the information will be furnished. Such motion will be considered by the Commission.

1. Describe in detail any sources other than the National Rural Utilities Cooperative Finance Corporation ("CFC") that were considered in securing the supplemental financing requested herein. Include the reason(s) that CFC financing was selected over other options, as well as the results of any studies conducted which support the use of CFC financing.

2. Given the changes in the REA loan program, explain efforts undertaken by Licking Valley to obtain other financing.

3. Provide the additional debt service requirements associated with the Rural Electrification Administration ("REA") loan and the CFC loan, using the lowest REA interest rate currently available to Licking Valley and the current CFC variable and fixed interest rates.

4. Provide an amortization schedule of the proposed CFC loan using the current rates for variable and fixed loans.

5. Will Licking Valley be able to meet its increased debt service requirements with the revenues generated by its existing rates? Explain.

6. Discuss the various interest rate options currently available through CFC. Include copies of documents from CFC describing these options.

7. If the advance of funds from this proposed loan were made by the date of the response to this Order, which loan program would Licking Valley select and how would it determine that this was the best option? Explain and include the results of any economic studies or analysis used by Licking Valley in making the loan program selection.

8. Concerning the purchase of the CFC Capital Term Certificates ("Certificate"):

a. Provide the calculations which support the rate for and the amount of Certificate purchases for the proposed loan.

b. Indicate which option Licking Valley plans to use to purchase the required Certificates and explain the reason for its selection.

9. Provide a copy of the current mortgage agreement with CFC noting the differences between the current agreement and the previous mortgage agreement. If the mortgage agreement has not changed, so indicate and identify the last case in which the current mortgage agreement was filed.

10. Concerning the actual work performed under the 1993-1995 Work Plan:


a. When will Licking Valley begin construction under the 1993-1995 Work Plan?

b. How much has Licking Valley spent on the 1993-1995 Work Plan, as of the date of its response to this Order?

11. Provide a copy of the board of directors' resolution authorizing Licking Valley to borrow the funds.

Done at Frankfort, Kentucky, this 31st day of August, 1994.

PUBLIC SERVICE COMMISSION

  
For the Commission

ATTEST:

  
Executive Director